

Intimations.

DAKIN BROS. OF CHINA,
LIMITED.

CHEMISTS

AND

AERATED WATER
MANUFACTURERS.DAKIN'S
LEMON
SQUASH.THE FAVORITE
HOT WEATHER DRINK.

No. 12 & 24, QUEEN'S ROAD CENTRAL.

A. S. WATSON & CO., LD.

WINES AND SPIRITS.

WE invite attention to the following Brands,
all of which are excellent quality and
good value for the money.The same being specially selected by our
London House, and bought direct from the most
noted Shippers, are imported in wood and bottled
by ourselves, thus enabling us to supply the best
growths at moderate prices.In ordering it is only necessary to state the
name and quantity of Wine or Spirit wanted,
and initial letter for quality desired.

PORTS. (For Invalids and general use).

	Per doz.	Per Case.
A Alto Douro, good quality, Green Capsule.....	\$10	\$1.00
B Vintage, superior quality, Red Capsule.....	12	1.10
C Fine Old Vintage, superior quality, Black Seal Capsule.....	14	1.25
D Very Fine Old Vintage, extra superior, Violet Capsule (Old Bottled).....	18	1.50

SHERRIES.		
A Deluxe Pale Dry, dinner wine, Green Capsule.....	6	0.50
B Superior Pale Dry, dinner wine, Green Seal Capsule.....	7.50	0.75
C Manzaniella, Pale Natural Sherry, White Capsule.....	10	1.00
D Natural Sherry, Red Seal Capsule.....	10	1.10
E Very Superior Old Pale Dry, choice old Wine, White Seal Capsule.....	12	1.10
F Extra Superior Old Pale Dry, very finest quality, Black Seal Capsule (Old Bottled).....	14	1.25

CLARETS.		
A Superior Breakfast Claret, Red Capsule.....	4	\$4.50
B St. Estienne, Red Capsule.....	4.50	5.00
C St. Julien, Red Capsule.....	7	7.50
D La Rose, Red Capsule.....	11	12.00

MADEIRA, HOCK AND CHAMPAGNES.
FULL PARTICULARS OF THE VARIOUS BRANDS
IN STOCK ON APPLICATION.

	Per doz.	Per Case.
A Hennessy's Old Pale, Red Capsule.....	\$13	\$1.20
B Superior Very Old Cognac, Red Capsule.....	15	1.40
C Very Old Liqueur Cognac, Red Capsule.....	20	1.75
D Hennessy's Finest Very Old Liqueur Cognac.....	18.75	2.50

SCOTCH WHISKY.		
A Thorne's Blend, White Capsule.....	8	0.75
B Watson's Glenorchy, Mellow Blend, Blue Capsule with Name and Trade Mark.....	8	0.75
C Watson's Aboulin-Glenlivet, Red Capsule, with Name and Trade Mark.....	8	0.75
D Watson's H K D Blend of the Finest Scotch Malt Whiskies, Violet Capsule.....	10	1.00
E Watson's Very Old Liqueur Scotch Whisky, Gold Capsule.....	12	1.10

IRISH WHISKY.		
A John Jameson's Old, Green Capsule.....	8	0.75
B John Jameson's Fine Old, Green Capsule.....	10	1.00
C John Jameson's Very Fine Old, Green Capsule.....	12	1.10
D Geauline Bourbon Whisky, fine old, Red Capsule, with Name.....	10	1.00

GIN.		
A Fine Old Tom, White Capsule.....	4.50	0.40
B Fine Unsweetened, White Capsule.....	4.50	0.40
C Fine A. V. H. Geneva.....	3.25	0.30

RUM.		
Finest Old Jamaica, Violet Capsule.....	12	1.00
Good Edward Island.....	\$1.50 per Gallon.	

LIQUEURS.		
Benedictine, Maraschino, Cherry, Cherry Cordial, Chartreuse, Dr. Slegel's Angostura, Bitter, &c.		

PRICES ON APPLICATION.

A. S. WATSON & CO., LD.
THE HONGKONG DISPENSARY,
ESTABLISHED A.D. 1841,
Hongkong, 4th February, 1892.

The Hongkong Telegraph.

HONGKONG, THURSDAY, JUNE 23, 1892.

THE TRANSIT PASS DIFFICULTY AT CANTON.

By Article 10 of the Treaty of Nanking, signed at Nanking on the 29th of August, 1842, and ratified at Hongkong on June 26th, 1843, the Emperor of China bound himself, in addition to the opening to foreign trade of certain Treaty Ports, "that, when British merchandise shall have once paid at any of the said ports the regulated customs and dues agreeable to the tariff to be hereafter fixed, such merchandise may be conveyed by the Chinese merchants to any province or city in the interior of the empire of China, on paying a further amount as transit duties, which shall not exceed—per cent. on the tariff value of such goods."

By the Treaty of Tientsin, signed on June 26th, 1858, ratifications of which were exchanged at Peking on October 24th, 1860, it is clearly laid down in Article 28 that—"It shall be at the option of any British subjects desiring to convey produce purchased inland to a port, or to convey imports from a port to an inland market, to clear his goods of all transit duties by payment of a single charge. The amount of this charge shall be leviable on exports at the first barrier they may have to pass, or on imports at the port at which they are landed; and on payment thereof a certificate shall be issued which shall exempt the goods from all further inland charges whatever. It is further agreed that the amount of this charge shall be calculated, as nearly as possible, at the rate of two and a half per cent. ad valorem, and that it shall be fixed for each article at the Conference to be held at Shanghai for the revision of the tariff. It is distinctly understood that the payment of transit duties, by commutation or otherwise, shall in no way affect the tariff duties on imports or exports, which will continue to be levied separately and in full."

These treaties are still in force between Great Britain and China, and there is no ambiguity in the articles above quoted to justify any attempt on the part of either foreigners or Chinese to evade the stipulations therein set out. And up to a comparatively recent date no question as to the legality of the Transit Pass system has ever been seriously raised by the Chinese authorities. Of late, however, the kerosene oil trade in the hands of foreign firms in Canton has assumed gigantic proportions, and by the use of transit passes to cover the conveyance of the oil into the interior of the provinces of Kuang-tung and Kuang-si, the revenue, or to be more accurate the "squeeze," derived by those iniquitous exactions known as *Likin* and *Ching-fai* have greatly fallen. Cotton-yarn and piece-goods, although to a smaller extent, have produced similar results to kerosene. Seeing that something must be done to stop the loss of revenue, and to prevent this enormous reduction in the dues from *Likin* and the illegal Battery tax, the Canton Government has coolly ignored treaty obligations, committed forcible outrages by seizing and confiscating the merchandise of British merchants and imprisoning and brutally mistreating their servants, and to wind up, the total abolition of the Transit Pass system—a privilege to foreign traders secured by one treaty and confirmed by another—has not merely been officially suggested but has actually, to all practical intents and purposes, become an accomplished fact. Within the past few weeks about four hundred cases of kerosene oil, and a number of bales of cotton-yarn and grey shirting, sent by the British firm of WENTON and ROBINSON from Canton to Fatsan under transit passes, were seized by the *Lekin* authorities and confiscated, the unfortunate Chinese assistants of the firm imprisoned, fettered and ill-treated—and all on the state pretence that the goods did not belong to WENTON and ROBINSON, but were being sent into the interior of the province in their name in order to evade the *Likin* and *Ching-fai* dues which Chinese owners would have been compelled to pay. Another instance was that of Messrs. ARMSTRONG & CO., who shipped under transit pass to Wu-chau-fu on the West River, after paying all proper duties, three hundred cases of kerosene oil, which on reaching their destination were seized on the same ridiculous ground and the Chinese in charge of the cargo imprisoned and rigorously treated. The same British firm suffered a similar outrage a few days ago, when a large quantity of cotton-yarn was seized at Lion-chow, and about this Mr. ARMSTRONG has proceeded to the spot to personally investigate the cause of seizure, etc. To clearly show the policy that has apparently been decided on by the ancient Viceroy of Canton and his advisers we cannot do better than print the following translation of a recent despatch from a Wei Yuan of the Canton *Lekin* Office to the Viceroy:—

"On the 19th of October, 1891, this *Lekin* Office received a despatch, according to which your Excellency ordered as follows:—

"Certain degenerated Chinese merchants import kerosene oil under false names; they invent foreign merchants to assist them in this and evade the payment of *Likin* and *Ching-fai*. Regulations must be drawn up to avoid this fraud, which must be put before me for approval and which are to be communicated to all *Lekin* stations in the province. The Head *Lekin* Office further said in the despatch that your Excellency thinks the *Likin* and *Ching-fai* on kerosene oil are too low, and that a change ought soon to take place."

I found that the degenerated merchants use transit passes and evade payment of *Likin* and *Ching-fai* not only for kerosene oil, but also for other merchandise, such as matches, woolen piece-goods, silk, etc., all very important imports or export goods."

Under this the *Lekin* Office issued very much, and this will be more than a change but a total stoppage. Regarding kerosene oil alone, Chinese merchants import the same in great quantities from Hongkong, and foreign merchants (say *Lekin*) belong to them. On arrival here these

degenerated Chinese merchants take out transit passes under false names and send the goods into the interior under these false names; in this way the different *Lekin* stations which are passed are helpless and cannot do anything."

If the kerosene oil is not sent into the interior it only pays duty, and transit passes of course are not used. It is easy to understand that in this way a good profit is made on kerosene oil, and that this method of dealing is very much liked by Chinese merchants."

Whatever regulations are put into force, it will always be impossible to find out to whom the kerosene oil really belongs; the *Lekin* stations can only compare transit passes and goods. Even if we act with the greatest care and find the positive owner of the oil, the foreign merchants will be sure to interfere; and if the Chinese owner be arrested, endless troubles are the consequences and very often we have to pay indemnity."

One steamer imports a quantity of kerosene oil, making a cargo for about 100 Chinese boats, which carry the goods in all directions. It is impossible to inspect all these boats even with numerous *Lekin* boats."

Now on arrival at the different places the cargo is landed quickly, and a general inspection is rendered more difficult."

It is difficult to stop smuggling even with the strictest regulations, or to increase the *Likin* and thus *Ching-fai* receipts."

For some time kerosene oil was imported only in the duties will still be a little more than the expenses with transit passes, but to the distant places Chinese vessels will always be used, and in consequence of this the Customs in Hongkong and Macao will not collect less *Likin* and *Ching-fai*.

After the establishment of the Company the duties will still be a little more than the expenses with transit passes, but to the distant places Chinese vessels will always be used, and in consequence of this the Customs in Hongkong and Macao will not collect less *Likin* and *Ching-fai*.

If after reducing to 10 cents the Customs collect say \$2500 in the same time in which they would now collect with 20 cents \$5000, the establishment of the company would not have proved to be of any use, as the figures would show that the number of transit passes then sent remained the same; but on the other hand the Customs with the 10 cents *Likin* and *Ching-fai* still collect \$5000, it would be a proof that less transit passes are used and that it is advantageous to have the company."

It should happen that there is no decrease in transit passes, then Chinese vessels have no advantage and the *Lekin* office loses."

All the above are the views of the merchants, to which I only can agree, and therefore I ask your Excellency to approve of the same."

It will naturally be asked why, in the face of these audacious infringements of Treaty rights, the active assistance of the Foreign Consular authorities was not invoked? The proposals in the foregoing admirable specimen of Chinese diplomatic adroitness are too plainly put to leave any ground for misunderstanding. In plain English, foreign traders in Canton are to be boycotted, and this is the commencement of that entangling operation. The Commission (?) of Chinese merchants was duly formed, and it consists of a syndicate of kerosene oil dealers in Hongkong and Canton who trade under the name of TONG YICK TONG, and have from their position as collectors, to put the matter in the plainest possible light, established a powerful monopoly in the Canton kerosene oil trade. From Chinese dealers outside their own "ring" they charge 17 cents per case, whilst paying to the *Lekin* authorities only 10 cents, being thus enabled to sell at a price which renders outside competition hopeless. They further chartered the Hongkong, Canton and Macao Co.'s steamer *Kiang-chow* to carry their oil from here to Canton, and by raising the tariff to the exorbitant figure of 35 cents per case, including *Lekin*, completely put foreign shippers out of the trade, as no other steamers are at present available for this particular business. When foreign merchants are about to ship kerosene by the steamers *Ping* or *Tai-on*, the agents of the Tong Yick Tong here duly advise the Canton Guild of shipment, and on its arrival the cargo is watched and as soon as a transit pass is applied for and its destination made known, the *Lekin* authorities are advised, and instructions are then sent to the magistrats of the district to get hold of the transit pass and then seize the cargo and imprison the Chinese employees in charge of it. This is the smart game that has been played with WENTON and ROBINSON, and ARMSTRONG & CO., and although it cannot be justified on any grounds whatever, and is distinctly and directly contrary to treaty, Mr. T. WATSON, the British Acting Consul-General, when most strongly appealed to, has done nothing except to obstruct British merchants in obtaining their rights. Claims have been made against the Chinese authorities for their illegal and high-handed action, but so long as we have consuls of the WATSON stamp and ministers like Sir JOHN WALSHAM, redress can only be obtained through the united action of the Press and Chambers of Commerce and by direct representations. If possible through the House of Commons, to the Foreign Office. The other salient features of this scandalous interference with legitimate trade will be dealt with in another article, in which we shall show the methods in vogue at the Consulate in Canton for the protection of British subjects."

On account of the difficulties of proving the fraudulent use of transit passes, the merchants must be induced not to use transit passes at all. I called three merchants, Huang Cheng Kuan, Kung Kuan Ching, and Ho Hui Wen, together, and confided to them on the question. They said: "The expense of importing kerosene oil is about 20 cents for the oil and 10 cents for the *Likin* and *Ching-fai*, a reason for which it is at present impossible to stop the use of transit passes. It would be advisable to call all kerosene merchants together and to form a committee to pay *Likin* and *Ching-fai* to this office without regard to the ships in which kerosene oil comes here, or to whom it belongs. After this anyone fraudulently makes use of transit passes this Guild, after finding it out, will report such merchant, who will be arrested and punished. In this way the fraudulent use of transit passes will be prevented, but the 20 cents which are paid at present as *Likin* and *Ching-fai* are still too high a tax, which must be decreased to 10 cents, and then it will be possible to proceed as above. The steamer import in one year about 1,000,000 boxes of kerosene oil, and so the income of the *Lekin* office will be about \$100,000 per annum. As the import of kerosene rises yearly the dues to be paid will also rise above \$100,000. These are the ideas of the merchants."

I stated that during three months the *Lekin* office here has lost about \$50,000 since steamers have been used again to import kerosene oil, and on the use of transit passes, and also the Customs in Hongkong and Macao have received less for *Likin* and *Ching-fai*. The only way to stop the use of transit passes is the one mentioned by the Chinese merchants."

About the payment of duties to the *Lekin* office without considering to whom the kerosene oil belongs, the merchants have given a guarantee."

This process is good and easy, and affords prospects of an income of about \$100,000 per annum. The steamer import in Hongkong and Macao to the Customs houses about 1,000,000 boxes of kerosene oil, and so the income of the *Lekin* office will be about \$100,000 per annum. As the import of kerosene rises yearly the dues to be paid will also rise above \$100,000. These are the ideas of the merchants."

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The Customs in Hongkong and Macao receive at present about 3,000 or 5,000 taels a month; under the new arrangement they would receive 3,000 or 4,000 taels more a month, the transit passes would not cost any more, and *Likin* and *Ching-fai* would increase."

Last year Hongkong and Macao collected together 100,000 taels; since the decrease they have only got at the rate of 90,000 taels a year; thus the decrease would be made up and more-over an increase would be collected."

I did not dare to approve unconditionally the views of the merchants, but leave to your Excellency to decide about the matter. If your Excellency should approve I will give orders for immediate execution."

It would be well not to make known the new state of things to the foreign merchants, by issuing a proclamation about it; otherwise they would import great quantities of kerosene oil, the Guild would suffer heavy losses, and foreign merchants would again take out transit passes for degenerated Chinese merchants."

If there is general knowledge of the new state of things it would be difficult to change again; if the income of the *Lekin* office does not increase; on the other hand, if it is not known generally, it is easy to go back to the old state of things and change again 10 cents if the new regulations do not work satisfactorily."

The staff of the *Lekin* office must be increased and a new steam-launch must be bought. I recapitulate once more. Imports arrive in steamers and Chinese vessels. If the expenses for shipping cargo in steamers are high and those for shipping in Chinese vessels low, the latter will be used more."

Duties for transit passes are low, so to ship cargo in Chinese vessels is expensive, therefore merchants naturally prefer to ship their cargo in steamers, and the consequence is the fraudulent use of transit passes which give so much advantage. For Chinese vessels transit passes cannot be used. The Customs in Hongkong and Macao cannot take any steps against the fraudulent use

of transit passes under which cargo is shipped to steamers; and for this *Lekin* office it is also difficult to stop their fraudulent use; therefore we suffer immensely."

I believe that after the establishment of the Kerosene Oil Guild transit passes will not be used any more. I therefore called the merchants together and ordered them to raise the necessary capital for such a Company."

The reason for my proceedings is to make the Chinese merchants abstain of their own free will from the use of transit passes."

I should like the reduction of *Likin* and *Ching-fai* to 10 cents to save expenses to such merchants as do not use transit passes. Chinese merchants pay 10 cents per box for foreign merchants who land their names for the transit passes, and this is much cheaper than to send kerosene oil by Chinese vessels."

Transit passes are still much used, even although the duties are reduced from 40 to 20 cents by the Customs. The *Likin* and *Ching-fai* paid in Hongkong and Macao are as before—said, 20 cents per box; using a transit pass the expenses are 10 cents, so it seems reasonable that everybody would use transit passes and that the two mentioned Customs houses could not collect *Likin* and *Ching-fai*.

But on the contrary the Customs collected during some months 200 and 500 taels *Likin* and *Ching-fai*, and the reason for this is that the transport in Chinese vessels to many places is cheaper than in steamers."

After the establishment of the Company the duties will still be a little more than the expenses with transit passes, but to the distant places Chinese vessels will always be used, and in consequence of this the Customs in Hongkong and Macao will not collect less *Likin* and *Ching-fai*.

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